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COPY NO. 73  
OCI NO. 0402/62

2 February 1962

# CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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OSD REVIEW COMPLETED

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****EAST-WEST RELATIONS**

At the 29 January session of the nuclear test ban talks in Geneva, the chief Soviet delegate, S. K. Tsarapkin, provoked a dispute over the question of recessing the conference and alleged that the US was seeking to conceal its refusal to continue negotiations. He refused to accept a communiqué to the effect that the conference would recess until a common basis could be found for re-establishing negotiations. Tsarapkin charged the West with wrecking the conference and made no effort to arrange future meetings. Although there was no formal statement that the conference had ended, Tsarapkin made it clear that there would be no further meetings.

Three days earlier the USSR had abandoned its former position and rejected the US-UK proposal to merge the test ban negotiations with the broader disarmament negotiations scheduled to begin in Geneva on 14 March. Although Moscow had previously urged that the test ban question be solved "interdependently" with general and complete disarmament, at the 26 January session Tsarapkin read a government statement which insisted on continuing the tripartite talks to negotiate on the basis of the Soviet proposal for the test ban without any international controls. The Soviet statement charged that the Western merger proposal was aimed at distracting the attention of the 18-nation committee from its main task--"to work out an agreement for general and complete disarmament"--as well as avoiding the solution of the problem of ending nuclear weapons tests. The

statement reaffirmed that "the final solution" of the test ban question could be found "only in the conditions of the implementation of general and complete disarmament."

The Soviet withdrawal from the talks is probably aimed at creating a political justification for resuming Soviet tests in the future and blaming the US for the failure to reach any agreement. It could also be meant as a warning to neutrals determined to find some area of agreement at the March disarmament talks that the USSR--until general and complete disarmament is an accomplished fact--is unalterably opposed to effective international inspection in the USSR, and that the neutrals' hope lies in persuading the West to accept something less. The Soviet press and radio promptly initiated a campaign charging the US and UK with breaking off the talks and denouncing them as "opponents of a test ban and exponents of the arms race." An Izvestia article claimed that "the belligerent American atom-mongers have unmasked themselves and rudely defied the aspirations of all the peoples" for a test ban. Izvestia also asserted that under the Kennedy administration, "the situation at the talks, far from improving, has further deteriorated through the fault of the Western side."

The USSR now may seek formal UN approval of its proposal for a ban on atmospheric, outer space, and underwater tests, using national detection means for control purposes, with a moratorium on underground tests. Soviet leaders may believe that the end of the Geneva talks will

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

lead to a resumption of US tests in the atmosphere which could be used as a further pretext for the USSR to claim that it had no choice but to continue with its own nuclear testing. Moscow is giving heavy play to Western press reports on preparations for US atmospheric tests at Christmas Island. Since the USSR completed its series of tests last fall, the Soviet government has frequently warned that US underground tests and plans for atmospheric tests leave the USSR free to resume testing in the interests of its security. Its statement on 26 January reiterated such warnings.

**Berlin and Germany**

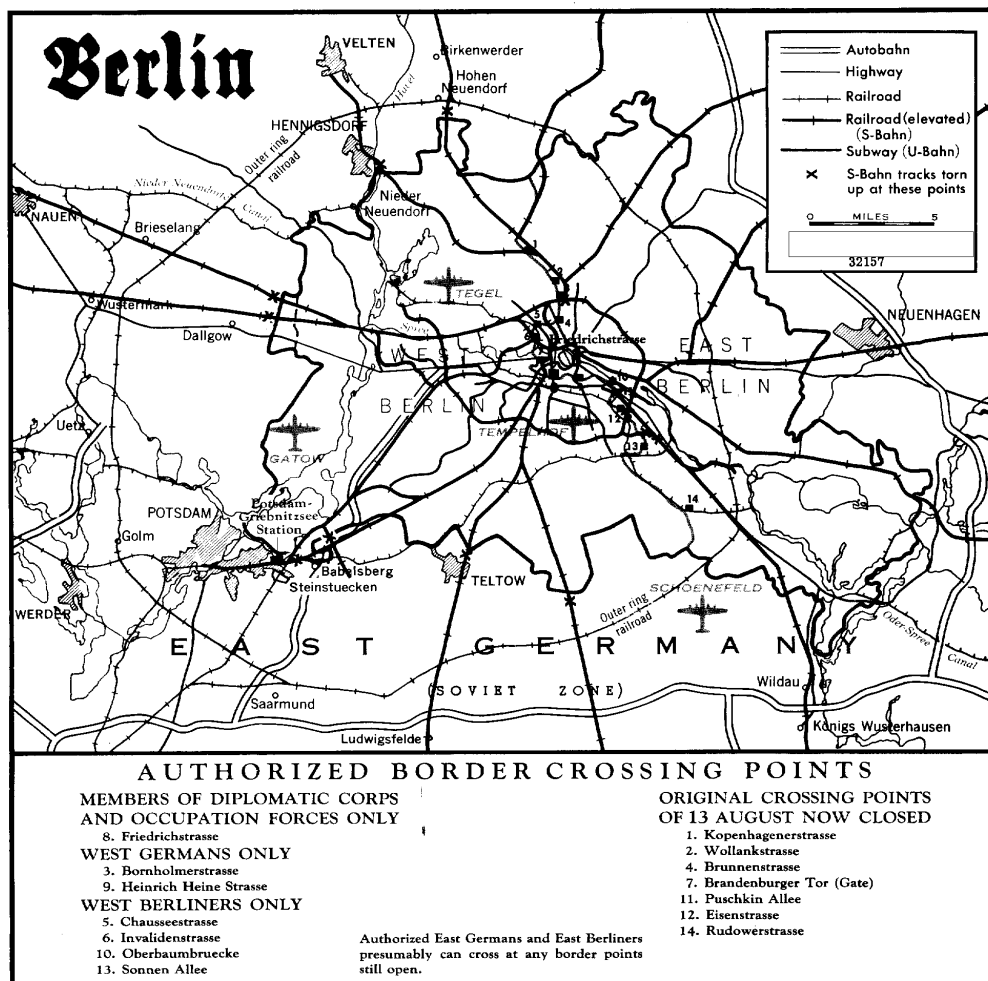
In the first direct Soviet press comment on the current US-Soviet talks in Moscow on the Berlin question, a 25 January Izvestia article by Polyanov denounced attempts to create a distorted idea of the purpose of the talks. Noting that "pronouncements" on the US-Soviet exchange are "leaking" into the Western press and suggesting that they are officially inspired, Izvestia argued that it is "dangerous" to present the talks as an effort to ascertain "if it is not possible to serve the old dish--maintenance of the occupation regime in West Berlin--with a new diplomatic sauce."

Polyanov, who regularly comments on international affairs for Izvestia, accused Western diplomats of paying lip service to the search for mutually acceptable solutions, and criticized "some Western policymakers, including Secretary Rusk," for believing that by

demonstrating "firmness" the Western powers will be able to preserve the occupation status in West Berlin and "wreck the conclusion of a peace treaty with the GDR." Polyanov declared that opponents of a separate treaty with East Germany should bear in mind that while the Soviet Government has emphasized that it is not "superstitious" about deadlines for signing such a treaty, the Soviet Union "has never left any doubt" that the German peace treaty will become fact, that West Berlin will become a free city, and that "its new status will have firm international guarantees."

The Soviet writer warned against Western "hopes" that the US-Soviet talks can be used as a smokescreen to add to the occupation rights, "which have long outlived themselves." He said Western diplomacy is risking cutting the limb out from under itself and "remaining beyond the pale of a peaceful settlement." 25X1

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

25X1

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Gromyko implied that the Soviet leaders were in no hurry to conclude the Thompson-Gromyko exchange of views. In a conversation with Thompson at an Indian Embassy reception, Gromyko, responding to Thompson's comment that he hoped to continue the talks "early next week," said that

he would be available "at any time" and went on to say he realized that Thompson was "handicapped" by being away from headquarters.

On 30 January, Sir Rohan Delacombe, the UK's Berlin commandant, called on Soviet Commandant Solovyev with proposals for the restoration of freedom

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

of movement by the US and Soviet commandants across the sector border; the ban has been in effect since 27 December. Speaking for all three Western commandants, Delacombe proposed that the US commandant and his staff, civilian and military, should be able to enter East Berlin without hindrance; if Solovyev agreed, the US commandant would also lift his ban. The British reported that Solovyev made the expected references to East German sovereignty over the Soviet sector and disclaimed responsibility over East German police but promised to make a report and await instructions.

In an interview with the East German news agency on 30 January, First Deputy Foreign Minister Otto Winzer used current negotiations between the Western air attachés and the Bonn government concerning fares on the Western airlines to Berlin as an occasion to challenge the legality of Western civil air operations in the Berlin corridors. While his arguments were directed mainly against Bonn's role in setting the air fares, Winzer strongly advanced East Germany's claims to sovereignty over the corridors, reiterated the standard bloc views that Western use of the corridors is reserved exclusively for the supply of the Berlin garrisons, but admitted that control of such traffic was reserved to the USSR under the Bolz-Zorin exchange of letters of 20 September 1955. He vigorously attacked the contention advanced in the US note to Moscow on 8 September

1961 that the USSR in 1947 indicated its acquiescence in the use of the corridors by Western civil air traffic. He also declared that "an internationalization of access routes to West Berlin" was "completely incompatible with the GDR's sovereign rights."

Meanwhile, the East Germans are rushing completion of the new highway linking East Berlin and Schoenefeld airport outside the city. They probably will step up their campaign to interest Western air carriers which do not have access to the lucrative Berlin traffic--reserved to airlines of the three Western powers--in eventually expanding services to Schoenefeld, which now can accommodate jet planes.

The East Germans have continued their construction activities at the sector border crossing points. A custom-type shack has been built at the Invalidenstrasse crossing, reserved for West Berliners, leaving only the Sonnen Allee crossing without such a shed. On the other hand, the slalom-type barriers inhibiting outgoing traffic at the Bornholmerstrasse crossing point for West Germans were removed; obstacles remain in the lane used by vehicles entering East Berlin.

On the Soviet - East German autobahn checkpoint at Babelsberg outside West Berlin, permanent barriers have recently been built, consisting of steel

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**SECRET**

## CURRENT INTELLIGENCE WEEKLY SUMMARY

beams with five-inch spikes affixed across both outside lanes of the autobahn. On the inside lane the barriers are hinged at ground level so that they can be lowered to block traffic. Similar construction has not yet been observed at Marienborn on the western end of the autobahn.

Peaceful Coexistence

The Soviet emphasis on peaceful coexistence has continued, and has been reinforced by a new stress on the necessity to avoid nuclear war. In a telegram to Eleanor Roosevelt on the 80th anniversary of her husband's birth, Khrushchev applauded the late President's understanding that "ideological differences should in no way interfere with the development of friendly relations between the Soviet and American peoples and governments." He stressed that the removal of the danger of a new war "largely depends on the state of relations between the US and the USSR."

An Izvestia article on Roosevelt's birth anniversary echoed Khrushchev's statements but interjected a critical comment on the current state of Soviet-US relations. After recalling that when President Kennedy was elected, Khrushchev sent him a cable expressing the hope that joint relations would return to those existing when Roosevelt was in office. Izvestia asserted that "unfortunately, as recent events show,

this hope has not been realized." Izvestia and a similar Pravda article suggested, however, the possibility that the Kennedy administration would eventually return to Roosevelt's policy of friendly relations with the USSR.

Both articles denounced the Truman and Eisenhower administrations for their failure to carry out Roosevelt's policy. Pravda praised Roosevelt's "conclusion" that "peaceful coexistence of states with different social systems was necessary."

Moscow has been publicizing bloc and nonbloc Communist leaders' statements on the destructive consequences of a new world war. In an interview with Pravda on 25 January, Marshal Malinovsky stated that war "holds out irreparable damage to all the countries of the world." On the same day, Pravda carried Italian Communist leader Togliatti's comment that "war must be avoided at any cost." The official Soviet news agency TASS transmitted to consumers in Europe Togliatti's additional comment--not carried by Pravda--on the danger of mutual destruction in the event of world war. On 29 January Pravda published an interview by the chief editors of Pravda and Izvestia with Fidel Castro in which the Cuban leader said that "peaceful coexistence is a correct strategy...inasmuch as it is necessary to avoid at any price a world atomic war," which would bring "catastrophic consequences to mankind." 25X1

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****LAOS**

Souvanna Phouma, heading into a new round of efforts to form a coalition government, is under no illusion this can be accomplished quickly or easily. He warns of possible dangerous consequences in case of another failure. Because of the heightened friction and suspicion, he plans to confer separately with Boun Oum and Souphannouvong after consulting first with King Savang in Luang Prabang on 2 February. If these private sessions prove productive, he intends to call a joint conference of all three princes.

Boun Oum and Phoumi have not changed their opinion of Souvanna's ability to control the spread of Communist influence after a coalition government is formed, and they apparently intend to continue to bargain hard for what they regard as at least minimum means of guarding against this danger. It is debatable whether Boun Oum and Phoumi are prepared to seek a formula which would satisfy their interests and yet permit the key ministries of defense and interior to go to Souvanna's neutralist supporters. Thai Premier Sarit has been in communication with Phoumi on this matter, but it is doubtful if Sarit has forwarded more than lip-service advice to accept the West's position that neither Vientiane nor the Pathet Lao should hold these two posts.

Savang shares Phoumi's distaste for Souvanna, but he appears increasingly impatient with developments. In an interview with Ambassador Brown on

29 January, the King complained that Souvanna relied on French and Soviet advice, Souphannouvong on the Chinese Communists, and Phoumi on the Thais, and that none of the three ever stood by his word. Despite his distaste for politics, Savang could play a pivotal role in a negotiated settlement by virtue of the symbolic position of the King as a rallying point.

The military situation remains tense, although there has been at least a temporary halt in the advance of enemy units against the government post at Nam Tha in the northwest, and no further engagements have been reported recently in the Mahaxay-Nhommarath area in south-central Laos. Despite reinforcement of the defending forces at Nam Tha, enemy units now occupy ridges overlooking the approaches to the town and probably could capture it with little difficulty. The airfield outside the town has come under enemy mortar fire.

Kong Le and Pathet Lao forces, with increased backing by North Vietnamese combat troops and cadre, have been improving their posture for possible resumption of general hostilities. North Vietnamese elements in Laos, now estimated at 9,000 men, apparently have contributed significantly to recent reverses suffered by the Laotian Army. Indications are that the Communists continue to prefer a negotiated settlement, but Pathet Lao and bloc propaganda makes it clear that any attempt by Phoumi to regain the

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

initiative in the military field while stalling over terms of a settlement will be strongly resisted.

Both the Vientiane and Xieng Khouang groups have filed complaints of cease-fire violations with the International Control

Commission (ICC) and the Geneva conference. The ICC has asked and received Vientiane's permission to visit trouble spots. The commissioners now are seeking similar assurances of cooperation from the authorities at Xieng Khouang.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## PUNTA DEL ESTE

Initial reaction in Latin America to the outcome of the OAS foreign ministers' meeting in Punta del Este was generally favorable, particularly in the countries which had supported the immediate exclusion of Cuba from the OAS. The Peruvian delegation, which vied with Guatemala in proposing the strongest anti-Castro action, said it was "truly satisfied." Colombia's government declared itself "completely satisfied" with the decisions taken at the Punta del Este conference, and President Lleras sent congratulations to the Colombian delegation. The Guatemalan congress authorized President Ydigoras to congratulate Guatemala's delegation for its "firm attitude." Among these countries, Cuba's ouster from the OAS is apparently regarded as a generally adequate substitute for a proposal, prior to the conference, for a mandatory break in diplomatic and economic relations.

Delegations from countries which favored a soft line on Cuba, on the other hand, are facing sharp criticism at home and appear to be on the defensive, although they abstained rather than vote against the key exclusion proposal. In Argentina, Foreign Minister Carcano has been forced to resign as a result of military demands for changes in President Frondizi's foreign and domestic policies--demands triggered by Argentina's abstention vote. The military are pressing hard for a break in diplomatic relations with Cuba. In Brazil, Foreign Minister Dantas, the most pro-Castro chief delegate at the conference, is facing widespread press and public criticism although he had abandoned early in the conference his proposal for OAS acceptance of a "neutralized" Cuba. Possibly in part to allay this criticism, Dantas commented on the OAS meeting: "The member countries freely debated their differences and reached a democratic solution. Could this happen among the nations of the Warsaw Pact?" The foreign ministers of Ecuador and Chile have also evidently faced sharp criticism for their refusal to endorse Cuba's exclusion from the OAS.

The Cuban delegation refused to attend the closing session on

31 January. President Dorticos maintained in his address to the conference on 30 January that the results had not surprised the Cubans, and that they reflected "the maneuvers of US imperialism" in "buying" the support of governments in defiance of the "opinion of the peoples of the continent." He warned that Cuba's exclusion from the OAS does not remove it from the "map of America," and he predicted that when Cuba rejoins the OAS, "it will not be the only socialist country" in the organization.

In Havana, meanwhile, Cuban Communist leader Escalante called for "intense and fervent" preparation for the mass rally scheduled for 4 February which is to "vote by unanimous acclamation" on the Second Declaration of Havana as "the Cuban people's" answer to the Punta del Este meeting. (The "First Declaration" was made in September 1960 following the OAS foreign ministers' meeting on Cuba at San Jose, Costa Rica.) On 31 January, according to the Havana radio, a Havana demonstration organized by Castro's official labor confederation called for the closing of the US Navy's Guantanamo base.

Communist demonstrations in other countries to protest action against Cuba have been mostly unsuccessful. One gathering in Montevideo drew a crowd of 12,000, apparently through the presence of such publicized figures as Brazil's Peasant League leader Juliao; subsequent Montevideo demonstrations, however, attracted less than half as many. In Bolivia, where identification as a leftist is usually essential to political success, anti-Castro demonstrations repeatedly overshadowed pro-Castro efforts. An extensively prepared demonstration in Bogota, held with government permission, brought out only 500-600.

In Venezuela, however, Communists and pro-Castroites took advantage of labor unrest to provoke outbreaks of violence in several cities, and the small abortive uprising of 28 January in La Guaira also had leftist support.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## VENEZUELA

The leftist violence which plagued Venezuela during the period 22-25 January erupted again briefly in Caracas on 28 January and was accompanied by a Communist-inspired outbreak of dissidence in a marine unit garrisoned near the capital.

How-  
ever, the armed forces in general are anti-Communist, have been firmly loyal to the regime, and continue to take extensive precautions against leftist outbreaks.

The influence of Communists among the military is confined largely to some junior and non-commissioned officers and recruits, and reports of their plans for a coup--which now have apparently been suspended--may have been a rumor campaign to spread uncertainty among the armed forces. The Communists possibly have won some support for their subversive operations among naval personnel who continue to sympathize with Admiral Wolfgang Larrazabal, former interim president and the Communist-backed presidential candidate. Admiral Carlos Larrazabal, brother of Wolfgang and commander of the navy, has been unpopular with top naval officers, however, and his recently submitted resignation had long been anticipated and probably was welcomed by his colleagues. Moreover, the navy plays a relatively subordinate role to the army and national guard in the maintenance of political stability in Venezuela.

Any military move which might pose a serious threat to the Betancourt regime is likely to be staged by strongly anti-Communist leadership. A top-level Venezuelan officer advised the US army attaché on 29 January that a successful Communist

coup is remote, but a rightist military attempt could be touched off by continuing terrorist activities and the government's failure to take strong action to suppress leftist-Communist elements. He added that although a possible rightist move does not seem imminent, it is a real danger to Betancourt's governing coalition.

The Venezuelan police occupied Communist party headquarters throughout the country on 30 January. The government has also arrested more than 1,000 persons involved in the recent disturbances--including Communist guerrilla and paramilitary leaders--and is known to be planning stern punishment. These actions, along with the government's reorganizational efforts at the Central University in Caracas--a focal point for the launching of leftist student violence--are likely to undercut, temporarily at least, the capability of the leftist forces to provoke further antigovernment outbreaks. In addition, the government through its security services has had ample forewarning of both rightist and leftist subversive plans and has seized large quantities of arms in the possession of the Communist and other opposition groups since 22 January.

The recent unrest in Venezuela, which has been a major problem to the government and to Betancourt's Democratic Action (AD) party, has apparently had sobering effects on the dissident ARS faction, which split from Betancourt's "old guard" element in mid-January. A leader of the ARS has indirectly approached the US chargé in Caracas to ask him to mediate with a view toward a reconciliation and reunification of the two hostile groups.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****CONGO**

Adoula, after long vacillation, now has decided to visit the United States and will arrive on 2 February; he will speak at the United Nations and visit Washington. In New York, he will probably reiterate his statements, made at the Lagos conference, that there has been a marked improvement in his country and that the Soviet Union's request for a Security Council debate on the Congo was an "unfriendly gesture" which would only bring "confusion." To undercut the Soviet demand further, Adoula added that he believed Tshombé would live up to his pledge to fire his mercenaries and to reintegrate Katanga with the rest of the country. The Soviet bid was defeated 7-2, with Ghana and the UAR abstaining.

Moscow continues its propaganda campaign against the UN role in the Congo amid a barrage of commentaries and public protests demanding drastic measures to save the life of Gizenga. While it avoids direct criticism of the Adoula government, the Soviet Union wants to focus Afro-Asian attention on the fate of Gizenga in order to be in a position to take the credit for saving his life.

The domestic and international reaction to Gizenga's detention and the Soviet moves in the UN appear to have left Adoula uncertain on his own po-

sition and what he should do. In a session with Ambassador Gullion on 27 January, he was "most unresponsive" and at times "almost mute." He was unwilling to issue a strong public denunciation of the actions of the Congolese Army in northern Katanga, and was vague on plans for instituting an army retraining program. He said he had temporarily shelved his plans to reorganize his entire cabinet and that he would make changes one at a time instead. He said "powerful elements" were troubled by his "catch" of Gizenga and he did not want to risk "chaos."

No one close to Adoula knows what the premier plans to do with Gizenga. Adoula told Gullion that "dozens" of parliamentarians are afraid that if they agreed to lifting Gizenga's parliamentary immunity, they would open the way for similar action against themselves. Gizenga, when he was visited by a high-level Congolese delegation on 25 January, alternately pleaded for mercy and threatened them with his "powerful outside friends."

Sureté Chief Nendaka, who is responsible for the detention arrangements for Gizenga, believes it may be advisable to move him outside the capital. The 70,000 unemployed in Leopoldville are a continuing potential source of disorder.

**SECRET**

**Map of the Congo showing the distribution of United Nations Forces and Congo National Forces (C.N.A.) in 1963.**

**Legend:**

- United Nations Forces \*
- Congo National Forces (C.N.A.)
- Tshombe's Forces
- Selected road
- Selected railroad
- Selected airfield

**Force Distribution Data:**

Location	United Nations Forces	Congo National Forces (C.N.A.)	Tshombe's Forces
Pointe Noire	UN 150		
Brazzaville	UN 3,000		
Leopoldville		C.N.A. 10,700 scattered	
Port Francqui			
Thysville			
Matadi			
Kitona	UN 150		
Banana			
Luanda			
Lobito			
Bangassou			
Gemena			
Aketi			
Buta			
Bumba			
Stanleyville	UN 1,670	C.N.A. 3,100	
Bunia			
Goma	UN 700 scattered		
Bukavu		C.N.A. 3,700	
Usumbura			
Kindu			
Kasongo			
Kongolo		C.N.A. 3,300	
Kabalo	UN 750	C.N.A. 2,000	
Nyunzu			TSHOMBE 4,550
Albertville			
Baudouinville			
Luluabourg	UN 840 scattered		
Bakwanga			
Luputa			
Kaniama	UN 1,335		
Manono			
Kamina			
Kapanga			TSHOMBE 1,500
Kalwezi			
Jadotville			TSHOMBE 3,950
Kipushi			
Kitwe	UN 4,435		
Ndola			

**Scale:** 0 to 400 STATUTE MILES

**Source:** 32239

been encouraged after their talks with him to believe he will obey the UN resolutions and get rid of his mercenaries. Tshombé has shown UN officials a seven-page list of mercenaries who he says will be paid off, and has promised to give the UN access to Jadotville, Kolwezi, and Kipushi, the Katangan military strongholds near Elisabethville.

***SECRET***

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

The Katanga government subsequently published a communiqué in which it said it was determined to put an end to the mercenary problem. Tshombé's request for one month to accomplish this has been rejected by the UN as excessive.

A UN officer told US Consulate officials in Elisa-

bethville on 30 January that an "offensive" against the mutinous Congolese troops in Kivu and northern Katanga would begin soon. He indicated it would be a joint action by UN Ethiopian troops and Congolese forces under General Lundula.

25X1

**FRANCE-ALGERIA**

French officials are pressing for early conclusion of an Algerian accord, and both they and rebel leaders have indicated that one may be imminent. Minister for Algerian Affairs Joxe told Ambassador Gavin on 24 January that all of France's differences with the PAG have been resolved. However, a member of Premier Debré's staff opined that the provisional Algerian government (PAG) may well delay signing an accord until mid-March.

The US Embassy in Tunis reported on 30 January, as PAG ministers began arriving for their meeting there this weekend, that its PAG sources were optimistic that a settlement was imminent. A high PAG source told embassy officers on 29 January that secret talks with the French were then in session, and French Delegate General Morin confirmed to US Consul General Porter that

Joxe was meeting rebel foreign minister Dahlab on 30 January. On 26 January rebel information minister Yazid--then in Rabat--told a US correspondent that the PAG was empowered to sign an agreement and would not have to refer the matter to its parent organization, the cumbersome National Revolutionary Council.

Although Paris has not phrased its desire for a cease-fire declaration by 15 February as a ultimatum, government spokesmen have made clear that an early attempt to enforce a unilateral French solution is in prospect if a favorable PAG decision is not forthcoming. Joxe told Gavin that if the PAG cannot make "the last big decision" in another month or so, France will have to force its own settlement. French officials in Algiers expect De

**SECRET**

## SECRET

## CURRENT INTELLIGENCE WEEKLY SUMMARY

Gaulle's 5 February radio-television speech to be "climactic."

The Secret Army Organization (OAS) may feel compelled to take violent action immediately after any official announcement of an accord in order to capitalize on the immediate reaction of the European settlers.

Absence of an immediate OAS reaction will not signify extremist acceptance of Algerian independence, however, since at least some OAS leaders are said to feel that action should be deferred until Paris attempts to implement an agreement. Joxe, on the other hand, reportedly feels the OAS may act even before announcement of an accord, out of concern that the Europeans will not be sufficiently angered by the terms of the agreement to follow the OAS into violent action.

Senior French security officials in Algiers now are reported to be in general agreement that, while the hard core of the OAS is capable of causing considerable bloodshed, chances of a successful OAS coup in Algeria have been reduced. American officials in Algiers report that since the latest strikes and demonstrations, French security officials appear less interested in appeasing the European population and more determined to maintain order at any cost. During a 31 January conversation with

Morin, Porter gained the impression that Morin would not be at all reluctant to come to grips with the OAS.

One official predicted that saturation of Algiers, Constantine, and Bone by French Army troops would be the next anti-OAS tactic employed by the government; press reports of 31 January indicate that such a move is beginning. In France itself, according to the press, the government is building up security forces in the Paris region and may divide France into five major zones for better coordination of its anti-OAS drive.

25X1

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****THE USSR'S 1961 ECONOMIC REPORT**

Moscow's official report on the Soviet economy for 1961 states that industrial production--which was slightly behind plan at midyear--exceeded its annual target and made good progress toward the 1965 goals. The consumer, however, had a relatively poor year; agricultural output increased only slightly and is still far behind plan; the goals for housing and consumer goods production were not met. The report contained indications of difficulties which may hamper future growth if not corrected.

The increase in investment was well below that achieved in recent years, and plans for introducing new productive capacity were not met in many industries. Shortages of building materials and defects in planning and management probably played a part in some of the shortcomings, as did the additional support now apparently being given to agriculture. The possibility that some of the shortfalls are attributable to transfer of resources to the military program cannot be discounted.

**Industry**

While the pattern thus far in the Seven-Year Plan (1959-65) is one of slightly slowing rates of growth, the overfulfillment achieved in heavy industry would enable the economy to meet the 1965 target even with a considerable reduction in growth rate. Commodity-by-commodity development, however, was uneven in 1961. The output plans for the major items of ferrous metallurgy--pig iron and crude and rolled steel--were essentially met or overfulfilled, but plans for increasing capacity were badly underfulfilled. Oil production continued to grow at a rate more than adequate to meet the 1965 target, but gas production, although advancing rapidly, was below plan, and difficulties with the supply of pipe and equipment are likely to hamper this industry for some time.

Electric power production was still on target in 1961, but

the plan for new capacity was slightly underfulfilled. The goal for the chemical industry was not met, although the increase was somewhat higher than during 1960. The production of plastics and synthetic resins continues to lag well behind plans, as does that of mineral fertilizer.

The Soviet machine building and metal processing industries are still increasing at a rate nearly double that of industry as a whole, but annual plans for a number of key commodities were not fulfilled in 1961. Petroleum refining and chemical equipment output were well short of their goals, and the output of metallurgical equipment actually declined below the 1960 level.

Industrial labor productivity rose substantially less than the 6 percent planned. The effects on industry of this shortfall were offset by an above-plan increase in employment. The state labor force reached 66,000,000--the level originally set for 1965.

**Investment**

Probably the most important development in the Soviet economy in 1961 was the substantial slowdown in the capital investment program. State investment under the national economic plan is reported to have grown by 9 percent--5 percent below plan. However, total nonagricultural investment--which also includes private and locally planned investment--increased less than 3 percent, as compared with an annual increase of 14 percent for the last five years.

The total volume of non-agricultural construction failed to increase over 1960, and there was a sharp decline in housing construction. Most threatening to the future growth of the economy were the apparently small increases in industrial construction--well below the performance of previous years.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

SOVIET ECONOMIC SITUATION  
— SELECTED INDICATORS —

	Production				Percentage Increase				7 YEAR PLAN *
	1960	1961		1962	ACTUAL		PLAN		
	ACTUAL	PLAN	ACTUAL	PLAN	60 over 59	61 over 60	62 over 61	1962-65	
Pig Iron (Million Metric Tons)	46.8	51.2	50.9	56	8.8	8.7	10.0	9.2	
Steel (Million Metric Tons)	65.3	71.3	70.7	76.9	8.8	8.7	8.7	7.9	
Oil (Million Metric Tons)	147.9	164	166	183+	14.1	12.1	10.2	9.6	
Gas (Billion Cubic Meters)	47.2	63.3	60.9	72.4	26.5	27.0	29.6	25.3	
Electric Power (Billion Kilowatt Hours.)	292.3	327	327	366	10.2	11.8	11.9	12.3	
Cement (Million Metric Tons)	45.5	51	50.9	57+	17.2	11.8	11.9	13.5	
Mineral Fertilizers (Million Metric Tons)	13.9	15.3	15.3	17.2	7.7	10.0	12.4	23.0	
						*Annual average for years remaining			

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Problems in the investment and construction programs have commanded the increasing attention of the Soviet leadership over the past year and a half, and received--along with agriculture--extensive attention at the 22nd party congress last fall. The plan fulfillment report blamed last year's difficulties on such things as the dispersion of resources among too many projects, failure of contractors to carry out construction on time, and the inadequacy of plans, technical specifications, and construction equipment. While poor planning and management of investments have played a part in the difficulties, the lag in construction materials output--both in types and quantities--is an important factor.

Moscow is already taking steps aimed at overcoming these problems. For example, to improve planning and management Khrushchev has "suggested" a moratorium on new construction starts, and First Deputy Premier Kosygin has outlined measures for greater central supervision of the construction program. No new official measures have yet been announced, however, for overcoming building materials difficulties. In general, resumption of former rapid rates of investment growth would require increases in the allocation of funds substantially above those presently planned for 1962.

To the Soviet consumer the poor performance in housing was probably the greatest single disappointment. The 1961 goal for urban housing was underfulfilled by about 15 percent. If the Seven-Year Plan goal is to be reached, the state must now give the industry a higher priority--a difficult choice in the light of competing problems in construction--and relax recent restrictions on private housing construction.

Agriculture

Total agricultural production increased only a little over 1960. Western observers estimate grain production at about 115,000,000 metric tons, as against the Soviet claim of 138,000,000. The 1958 harvest, upon which the Seven-Year Plan agricultural goals are based, was estimated at 130,000,000 metric tons.

The report said Soviet meat production increased "somewhat," but a slight decline is more likely; with the increase in population, may per-capita availability of meat may be as much as 10 percent below the 1959 level. Milk production is said to have increased 1.3 percent. While this does not mean a critical overall food supply problem, it has resulted in local shortages of some foodstuffs.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## SOVIET-SATELLITE OIL PIPELINE

The southern branch of the intra-bloc pipeline from Brody in the USSR to Bratislava, Czechoslovakia, was put into operation on 13 January 1962. This 450-mile segment is part of the extensive system designed to move crude oil from the oil fields of the Urals-Volga region of the USSR to refineries under construction in the European satellites. The main Soviet section from Kuybyshev to Mozyr will use 40-inch pipe and have a capacity of 45-50 million tons a year. Approximately 110 miles of the 435-mile segment from the Soviet-Polish border to the East German terminus has been completed; completion of this northern branch is scheduled for late in 1963. Work is also under way on most portions of the line within the USSR, but the entire system is not expected to be completed before 1964.

The pipeline in Czechoslovakia, which extends from the Soviet border near Uzhgorod to a new refinery near Bratislava, and the Soviet section of the pipeline between Brody and Uzhgorod were completed and joined in October 1961. Present plans call for the Czechoslovak section of the pipeline to be supplied temporarily with crude oil delivered by rail tank cars to Brody.

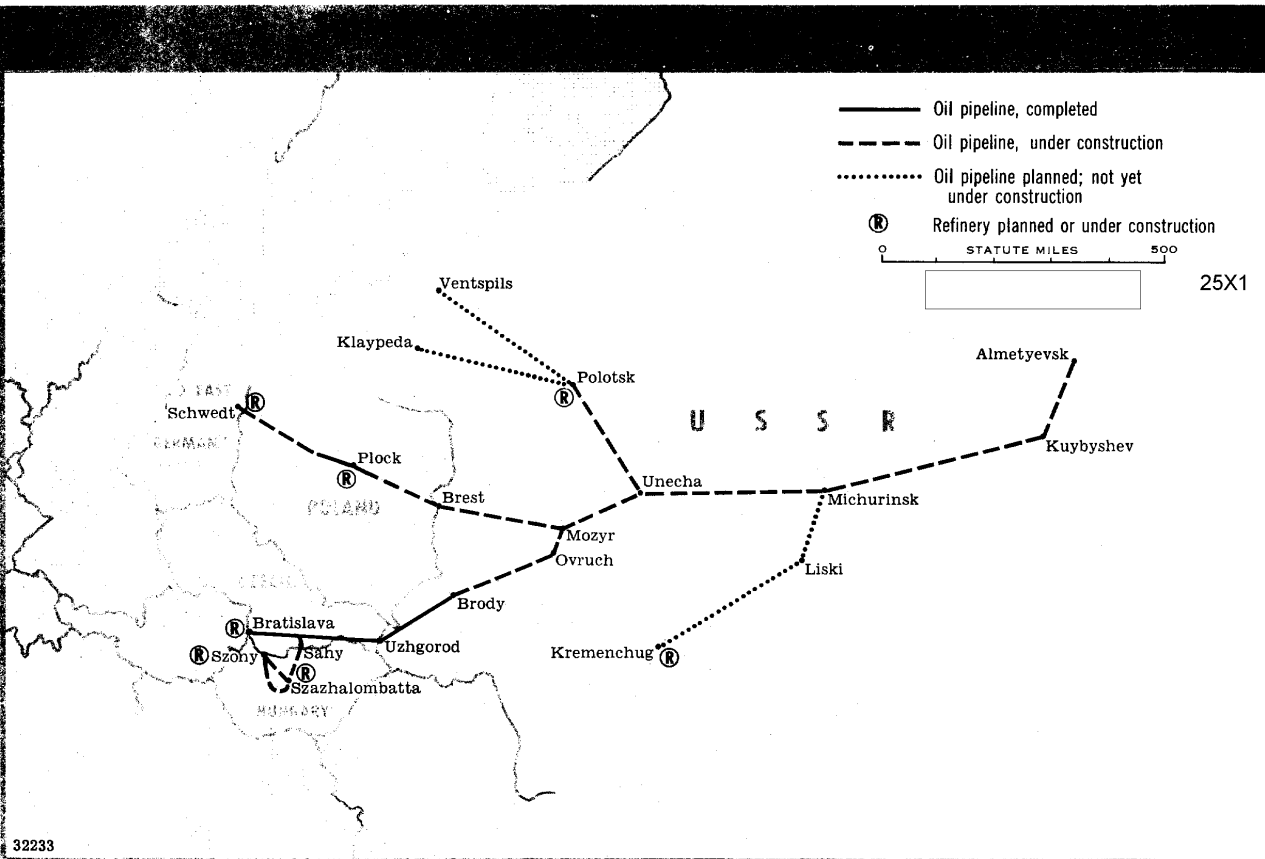
The diameter of the Czechoslovak section of the pipeline is probably 21 inches, which would make its ultimate capacity

about 10,000,000 tons per year. Initially its utilization will be limited by the number of pumping stations, the crude oil storage capacity (a maximum of 200,000 tons), and the limited refining capacity in the Bratislava area (about 1,500,000 tons per year). A branch from the Czechoslovak section of the pipeline into Hungary approximately 80 miles long with 14-inch pipe is scheduled for completion in May. It will be used to supply an existing refinery at Szony, which also has a capacity of 1,500,000 tons a year. By 1965 the southern leg is expected to be carrying 6,000,000 tons a year for the Czechoslovak refineries and 3,000,000 for the Szazhalombatta and Szony refineries in Hungary.

Imports of crude oil through the Czechoslovak section of the pipeline will reduce the load on Czechoslovakia's overtaxed rail system, and the annual savings in oil transport costs are expected to reach \$24,000,000 by 1965. Use of the pipeline will also eliminate the need for 2,600 tank cars and will reduce transloading operations.

The USSR may also make use of the pipeline to meet commitments to Austria. Moscow is obligated to export at least 300,000 tons of crude oil to Austria in 1962 under provisions of the 1961-65 trade agreement. Crude oil

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

could be loaded onto Danube barges from the pipeline at Bratislava.

The ultimate capacity of the northern branch across Poland into East Germany probably will not be utilized until the refineries under construction in Poland and East Germany are

ready; they are scheduled for completion between 1968 and 1970. By 1965 the flow through the northern branch probably will be 6,000,000 tons a year-- 2,000,000 to the Plock refinery in Poland and 4,000,000 to the Schwedt refinery in East Germany. (Prepared by ORR)

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## GOMULKA'S GUIDELINES FOR INTRABLOC RELATIONS

At the 20 January celebration of the 20th anniversary of the Polish Workers' party (PPR) First Secretary Wladyslaw Gomulka asserted that the PPR, which was formed in wartime isolation from Moscow, had become master of an "independent" socialist state. He added that since 1942 the party had been voluntarily allied for its own good first with the USSR and later with the Communist bloc. The tenor of his speech suggested that he was describing a framework for future intrabloc relations which would accommodate the divergent outlooks of the various Soviet bloc states.

This formulation goes considerably beyond the strictly Polish "raison d'etat" which Gomulka advanced when he returned to power in 1956. He declared then that in order to avert civil war and possible Soviet intervention, Poland had to maintain close cooperation--on the basis of autonomy in internal affairs--with the USSR. In his latest speech, Gomulka implied publicly for the first time that his removal from the party in 1949 and his subsequent imprisonment for "excessive nationalism" had been caused by his pressing for bloc acceptance of the same views he espouses today. He emphasized that the ideas he advocated in the early years of the PPR are now in force--and will continue in force. The PPR was created from the ruins of the Polish Communist party which Stalin liquidated in 1938. It was never fully accepted by Stalin, although the Stalinist wing was in power from 1948 to 1956 while Gomulka was out of power.

Gomulka's views--first expressed in 1945--on autonomy in domestic affairs and equality in interparty relations are apparently being put forth as a means of dealing with the schisms in the once-monolithic bloc Stalin had created. In his speech, Gomulka characterized the postwar party as a "new party, born of a new historical epoch, which

called for new ideas, new methods of action." The Polish leader went on to imply that Khrushchev had formally accepted these ideas for the USSR at the Soviet 22nd party congress.

Gomulka offered his new concept of bloc relations when he asserted that, although the PPR had insisted on "its own political independence" and its "right" to rule in accordance with "concrete conditions" in Poland, the party had always considered itself "one of the units of the international Communist movement." Many of the present East European leaders remain hostile to Gomulka's relatively liberal internal policies, but they have at least tacitly accepted his ideas concerning independence both as a means of perpetuating their own regimes and as a justification for their methods of maintaining power.

This is perhaps best illustrated by the variety of East European approaches to the Sino-Soviet dispute and to Khrushchev's renewed de-Stalinization campaign. Except for Albania, all the European satellites basically are committed to Khrushchev's policies on these questions, but all have dealt with them in terms reflecting their own internal situations. This trend probably will continue throughout the Communist world.

Soviet party secretary Demichev said at the Warsaw anniversary celebration that the Polish party is making a "worthy contribution to the development of creative Marxism-Leninism, to the strengthening of the fraternal comity of the socialist countries, and to the unity of the international...movement." Gomulka appears to be closer to Khrushchev now than at any other time in his career, both as an adviser and an executive agent; the Polish leader's pragmatic political ideas continue to receive strong Soviet support.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****BULGARIAN PARTY PREPARES TO COMBAT STALINISM**

The de-Stalinization campaign in Bulgaria may develop into a struggle between the pro-Khrushchev leadership under party first secretary Todor Zhivkov and the numerous Stalinists led by ex-party boss Vulko Chervenkov. The leadership opened its attack on the Stalinists at a meeting of the party central committee last November. The first move was to strip Chervenkov of his important party and government positions.

Although Stalinism was officially discredited after 1956, the weak pro-Khrushchev leadership made no overt moves against the Stalinist element. The Stalinists have played along as the leadership gradually gained strength, accepting certain changes in methods of running the party and paying lip service to "collectivity." Although removed as party secretary general in 1954 and as premier in 1956, Chervenkov until November retained membership on the politburo and a deputy premiership with little apparent political power. Moscow seems to have regarded this arrangement as the best possible compromise in view of the ineptitude of the leadership and the practical experience of the Stalinists.

The most important recent development in the regime's campaign against the Chervenkov faction was an article written by party agitprop chief Vasil Ivanov and published in the December 1961 issue of Party Life. It catalogued Chervenkov's theoretical and practical "errors," even resurrecting a 1947 article in which he broached a "social democratic, revisionist" theory about a separate Bulgarian "road to socialism." The Ivanov article made the clearest suggestion to date that Chervenkov favored ideas advanced by the Chinese

Communists during their "great leap forward" of 1958-59. It also stated that Chervenkov continued to express "his erroneous doctrinaire conceptions" at the November central committee plenum.

Beyond the anti-Stalinist, anti-Chervenkov campaign in party communications media, there has been little indication so far that the leadership has initiated positive action against Stalinists in the lower echelons of the party and government apparatus. These elements would find it difficult to resist such action. There are probably no leaders in the top levels of the party and government who would back Chervenkov, nor would the hard-liners at the district and local levels--the centers of Stalinist influence--be likely to speak out without encouragement and leadership which can only be exercised through an organization. Any attempt to create channels for coordination among these people would constitute "anti-party" activity which could lead to their ouster from the party. By their very number, however, the Chervenkov supporters could wield considerable influence simply by passively resisting the leadership's programs.

Although the Stalinist challenge to the Zhivkov leadership will probably fail, it will be a pyrrhic victory for Zhivkov, if in defeating the challenge he fails--as seems unavoidable--to reconcile the majority of the Stalinists to his line and has to purge the governing apparatus of many of its most able and tested functionaries. The Bulgarian party can hardly emerge from the August congress stronger than it was prior to last November.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****YUGOSLAV ECONOMIC POLICIES DEBATED OPENLY IN PARLIAMENT**

The Yugoslav parliament experienced what was probably its most open and genuine debate under the Tito regime when the government's 1962 economic plan was placed before the economic committees of parliament from 21 to 23 December and before the Council of Producers, one of the parliament's two chambers, on 28 December. This debate and its coverage in the regime-controlled press suggest that there are serious differences within the Yugoslav party and among its leaders over economic policy. The Tito regime may soon have to come to grips with the basic problems posed by the incompatibility of an authoritarian regime and a liberalized economic policy.

In the criticisms voiced by six deputies on the economic committees--which finally approved the plan--a number of distinct motivations were discernible. Conservatism and liberalism in economic matters were both evident as more or less government control over the economy was advocated. Localism arose in the Macedonian deputy's charge that the plan did not sufficiently provide for the development of the country's backward areas. The attack on the plan by Victor Avbelj, a member of the Yugoslav party's central committee and the Slovene party's executive committee, was so thorough that in effect he questioned the need for economic planning at all. Avbelj charged that the committees had too little time to examine the plan and were expected to rubber-stamp

it; he took the unprecedented action of voting against it.

The Council of Producers also passed the plan, but not until the ratio of prices to earnings was vigorously discussed. Here, too, a Slovenian deputy voted against the plan, while three others abstained. The Council rejected draft amendments to the Law on the Distribution from Incomes of Economic Organizations (35 against, 30 for, and 30 abstentions) on the grounds that the Council had not received the drafts in time to study them. This issue will be considered again at the Council's April session.

The US Embassy in Belgrade believes that the outspoken deputies, most of whom are members of party central committees within the Yugoslav republics, may have had high-level support for their attacks. Croatian party chief Bakaric, for example, described the plan to a Western diplomat as unrealistic and questioned the merit of the five-year plan (1961-65) adopted last year. An editor of the Yugoslav party's theoretical journal has also expressed doubt that the 1962 plan goals are realistic.

The appearance of parliamentary democracy appears to be a direct, if unintended, result of the regime's program of economic decentralization which, when adopted early in 1961, vested local economic and political authorities with greater

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

decision-making responsibilities. Although the government intended the decentralization program to spark local initiative and considers debate of economic issues healthy, it may feel some deputies have gone beyond allowable limits by carrying the debate from planning bodies into the parliament. Tito must fear that such debate will

eventually spill over into political questions and, therefore, may move against the deputies by preventing their re-election this fall. On the other hand, a wide divergence within the top leadership over economic policy would tend to protect the deputies from any such action.

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**MOROCCAN-SOVIET ARMS DEAL**

Morocco has accepted a Soviet gift of substantial quantities of small arms and ammunition and has agreed to purchase, under a 12-year credit arrangement, unspecified quantities and types of artillery and other "heavy equipment."

Soviet small arms may be of short duration, inasmuch as Morocco, assisted by the Italians, expects to begin production this fall of light weapons and cartridges. Hassan, however, is determined to equip his recently reorganized military forces with "sophisticated weapons" and has obviously been impressed with Nasir's success in equipping UAR forces from Soviet bloc sources.

Simultaneously with the negotiation of the arms agreement, another Moroccan delegation made a new trade pact with the Soviet Union to replace the one that expired on 31 December. The new agreement provides for a substantial increase in total trade--\$30,000,000 as compared with the \$14,000,000 provided for in the 1961 agreement. Although Moroccan trade with the USSR has expanded considerably during the past few years, quotas established under earlier agreements have not been completely filled, and in the first six months of 1961 Morocco's trade with the USSR amounted to only one percent of its total trade.

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Moroccan officials recognize the disadvantages of diversifying their weapons, but have long resented the monopoly France has attempted to maintain over the supply of equipment to the Moroccan armed forces. Moreover, King Hassan II is extremely sensitive to charges by his political opposition that he is a "tool of the French." Acceptance of



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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****PORTUGAL**

Portuguese Prime Minister Salazar's position, already weakened by the loss of Goa, has been further eroded by the abortive Beja uprising on 1 January, which revealed substantial disaffection in the armed forces and a considerable capacity on the part of the Portuguese Communist party (PCP) for stirring up trouble. New manifestations of popular discontent are likely--such as the demonstration by some 5,000 persons in Oporto on 31 January which was dispersed by police gunfire. Although his regime faces no serious threat now, over the next few months it is likely to encounter more determined efforts by various dissident groups to effect a change of government.

concern on the part of the government regarding the loyalty of a large sector of the armed forces.

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Over the past year, the Salazar regime's difficulties in dealing with the situation in Angola have been a major factor bringing latent discontent to the surface, particularly among the military.

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Although the rebels will continue to be hampered by arms shortages and by insufficient organization and training, they apparently feel capable of more than the sporadic attacks on plantations and small Portuguese military columns which have characterized rebel activity in past months. In an effort to solidify their current influence among supporters abroad, they reportedly are preparing to set up a "provisional Angolan government" in northern Angola this spring.

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The secret police reportedly has arrested and interrogated officers implicated in the Beja plot, in violation of military jurisdiction over military officers. This suggests

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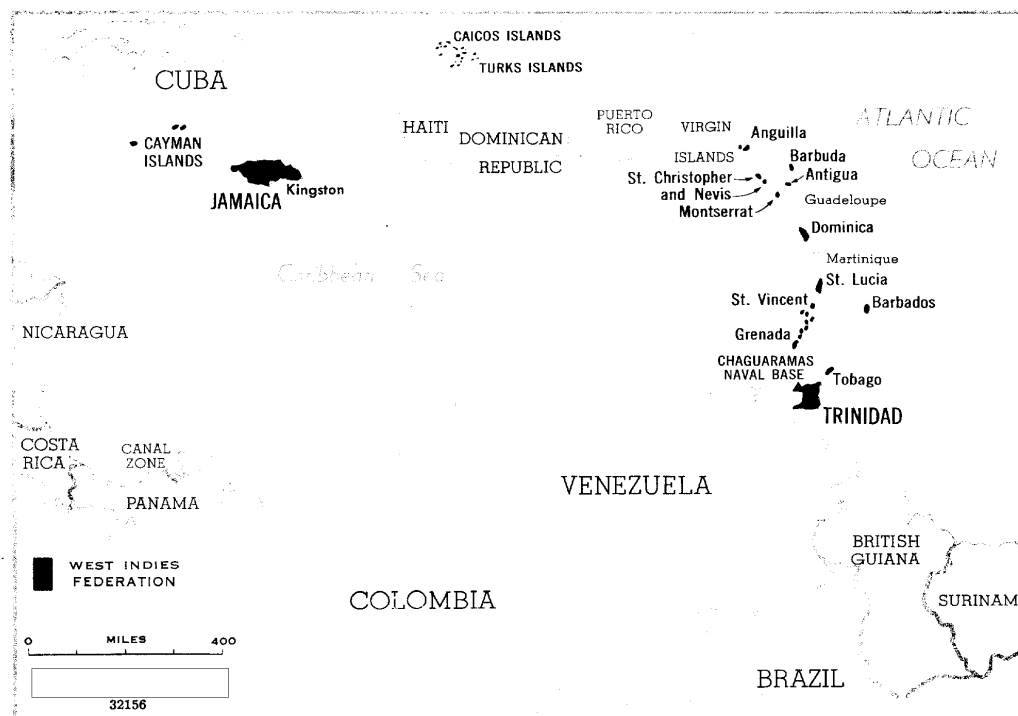
**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****BRITISH CARIBBEAN DEVELOPMENTS**

Following Jamaica's and Trinidad's decisions to proceed toward separate independence, Britain intends to dissolve the four-year-old West Indies Federation formally this month or next and establish a commission to maintain various interisland services. Both Jamaica and Trinidad will become independent states during the latter half of this year. London has welcomed the proposal of the leaders of the eight small islands of the old grouping to form an eastern Caribbean federation, but will seek to delay their independence in view of their continuing need for a British subsidy.

London had hoped that much of this financing might be pro-

vided by inducing Trinidad, with its petroleum resources, to lead the new federation. Trinidad's ruling party on 28 January formally rejected such participation. Premier Eric Williams nevertheless hopes that the small islands will eventually be forced to join some grouping under Trinidad's strong central control.

Williams is already acting like the head of an independent state. He has established a Department of External Affairs, despite Britain's retention of responsibility in this field. He has also invited Surinam's prime minister for talks and plans to announce a proposal for a Caribbean-wide economic community.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

Following his recent visit, Colonial Secretary Maudling expressed concern over the way Trinidad is becoming a police state under Williams and over the danger that Williams' Negro-nationalist line may lead to violent clashes with the local East Indian community. Williams is also intensifying his unsubstantiated charges that the US has provided less aid than promised in connection with the 1961 Defense Areas Agreement--which he has threatened to repudiate after independence. Williams apparently wants more aid rather than abandonment of the US naval and radar research facilities. Renegotiation of the agreement

would present the other islands having US space-research and missile-tracking facilities with a model for demanding additional assistance.

In a separate development, Britain and Guatemala have agreed to hold talks in April on Guatemala's long-standing claim to British Honduras. The recent border raid by a group of Guatemalans into the territory has further decreased the small interest in British Honduras in association with Guatemala. In any case, the British envisage postponing independence for some years because of economic problems.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## GUINEA AND THE BLOC

The recent expulsion of Moscow's ambassador to Guinea points up a growing wariness on the part of Guinea's Marxist-influenced leaders toward the Sino-Soviet bloc, which has established in Guinea its strongest beachhead in sub-Saharan Africa. Guinea's economy is largely dependent on bloc support, and Communist influence is significant within the government and the social structure.

Factors Favoring Bloc Penetration

Guinea's leaders and the political system through which they operate reflect the strong and direct influence exerted on them during their formative years by French Communists. The ruling Democratic party of Guinea (PDG) was founded as the Guinean section of the African Democratic Rally during the period--1946 to 1950--when that French West African nationalist movement had close ties with the French Communist party. Moreover, the PDG, to a greater extent than any other section of the Rally, was led from the beginning by elements drawn from unions connected until 1956 with France's Communist-controlled General Labor Confederation. When the Rally as a whole finally broke with the Communists, only its Guinean section declined to follow suit.

Marxist concepts absorbed by Touré and other PDG stalwarts in their training and associations intensified their anticolonialism and implanted a distrust of the West and capitalist economics. This indoctrination also predisposed them to view the experience of the "socialist countries" as the most pertinent to the social and economic transformation through which the PDG hopes to make Guinea an influential force in pan-African politics. Guinea thus arrived on the international scene with a built-in receptivity to close ties

with the Communist world and an inclination, reinforced by Moscow's support for African nationalist causes, to practice "positive neutrality" in a manner more favorable to the bloc and its policies than to the West.

The essentials of Guinea's political structure bear a striking resemblance to that found throughout the bloc. At its center is the highly disciplined party, organized down to the village level. Although it terms itself the instrument of the "popular will," the PDG in reality is essentially the instrument of its 17-member National Political Bureau. As in Communist countries, regime-controlled mass organizations for women, youth, and labor supplement the basic party structure.

A majority of the inner group of the Bureau consists of extremists who, at least until now, have had little regard for the concept of neutrality in their advocacy of close cooperation with the bloc. In all the mass organizations, Communist sympathizers and ideological hard-liners play prominent roles. These organizations have reflected a pro-bloc bias even more pronounced than that of the Political Bureau. Each has developed close ties with its counterpart international front group.

The Communist-oriented outlook of Guinea's leaders was strongly reinforced by France's abrupt withdrawal and the hesitance of other Western countries to establish relations at the time Guinea opted for complete independence by rejecting De Gaulle's constitution in the referendum of September 1958. Sino-Soviet bloc countries moved in quickly. Diplomatic recognition was accorded within a few days, and the first of a procession of

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

bloc "good will" and commercial delegations arrived within a few weeks. The Guineans, faced with a chronic trade deficit, concluded a barter trade agreement with East Germany and a protocol on economic cooperation with Czechoslovakia before the end of the year.

Guinea's sudden departure from the franc zone and issuance of its own currency in March 1960 is probably the most important continuing economic factor operating in the bloc's behalf. By abandoning its most reliable source of foreign exchange, Touré's regime greatly complicated its economic relationships with convertible currency areas and was forced to rely increasingly on barter trade with the bloc.

#### Factors Against Bloc Influence

There are, nevertheless, some factors which have tended to work against the bloc in Guinea. Foremost among these is the regime's spirit of independence and identification with African nationalism. Despite a feeling of solidarity with the Communist world, even the more doctrinaire Marxists among Guinea's leaders remain primarily African nationalists. The regime's aspirations for a recognized position of pan-African leadership also militates against a complete identification with Soviet viewpoints. As long as the regime retains its essentially nationalist character, its Communist-influenced authoritarian form actually impedes the bloc by denying the Communists their own political vehicle.

A significant economic factor is the presence of several large Western-financed mining and industrial firms whose products--mainly bauxite, alumina, and iron ore--provide Guinea with most of its limited foreign exchange. The most important of these is Fria, a bauxite and alumina producing company in

which a US corporation has the largest interest. Fria's future has been clouded by a controversy with the government over the disposition of foreign exchange earnings.

Soviet leaders apparently see in Guinea, a country with a population of only about 2,750,000, a showplace to demonstrate to all West and Central Africa the advantages of close cooperation with the bloc and the practicability of Communist methods. Guinea also affords the bloc a useful and ostensibly indigenous propaganda base as well as a convenient point of contact with other African nationalist elements.

#### Status of Bloc Effort

Today all Sino-Soviet countries maintain sizable embassies in Conakry except for East Germany, which has a trade mission with de facto consular status, and Albania, not represented at all. The Soviet Embassy is believed to coordinate economic activities of the European satellites, while the Chinese Communists tend to go their own way.

Under the series of barter agreements, the bloc's share of Guinea's foreign trade rose from a negligible amount in 1958 to 42 percent of imports and 30 percent of exports by mid-1961. Guinean export crops, especially bananas, have been mortgaged for years ahead in order to maintain imports at the high level set by the ambitious, Communist-designed, Three-Year Plan. By the end of 1961, Guinea's trade deficits with bloc countries totaled about \$24,000,000.

Bloc credit commitments to Guinea for economic and technical assistance now amount to about \$104,000,000, slightly more than half of which has been offered by the USSR. Other sources are Communist China (\$25,000,000), Czechoslovakia (\$10,000,000), Poland (\$5,000,000),

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

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**AGREEMENTS IN FORCE BETWEEN GUINEA AND THE BLOC**

BLOC COUNTRY	DATE EXTENDED	AMOUNT OF CREDIT IN MILLIONS	CREDIT AGREEMENTS		TRADE AGREEMENTS		CULTURAL ACCORD OR PROTOCOL
			PROJECT	STATUS OF PROJECT	DATE OF SIGNATURE	COMMODITIES TO BE EXCHANGED	
USSR	AUG '59	\$35.0	Cement Factory Sawmill and Timber Factory Extensions of Road Network Canning Factory Refrigeration Plant Polytechnical Institute Stadium Geological Research Organization of Dairy Farms Reconstruction of Airport	Status Unknown Status Unknown Survey Under Way Under Construction Under Construction Under Construction Under Construction Under Way 4 Have Been Established Under Construction; to be Completed in FEB 1962	Annual Protocol To Long-Term Agreement FEB '61	Guinean Exports: Bananas, Coffee, Pineapples, Industrial Diamonds	JAN '61
	SEPT '60	\$21.5	Reconstruction of Railroad Port Development Construction of 2 Hotels Pest Control Stations 100-KW Transmitter Station Railway Extension 500-bed Hospital (Grant) Assistance to National Airline Project Related to Konkoure River Development	Under Construction Under Way 1 Under Construction 3 Have Been Established In Partial Operation Survey Under Way Under Construction Completed Survey For Konkoure Dam Completed		Guinean Imports: Machinery, Oil Products, Rolling Stock, Cement, Sugar	
	JUL '59	\$5.0	Establishment of National Airline	Completed	Annual Protocol To Long-Term Agreement 25 MAY '61	Guinean Exports: Bananas, Coffee, Industrial Diamonds, Peanuts, Guinean Imports: Sugar, Textiles, Cement, Machinery	NOV '59
	NOV '60	\$5.0	Leather Tanning & Shoe Factory	Under Construction			
	JUL '60	\$5.0	Open-Air Theater Public Address System, Conakry Radio Studio National Printing Office	Under Construction Completed Under Construction In Partial Operation	Annual Protocol To Long-Term Agreement JUNE '61	Guinean Exports: Bananas, Pineapple Juice, Peanuts, Coffee Guinean Imports: Machinery, Textiles, Fertilizers, Cement	NOV '58
	1960	\$2.4	Hydra-geological Survey	Under Way	22 JAN '60	Guinean Exports: Fruits, Iron Ore, Industrial Diamonds Guinean Imports: Industrial Equipment, Telecommunications Equipment, Consumer Goods	DEC '61
	1960	\$5.0	Establishment of State Fishing Industry Fishing Port, Conakry Hydrological Survey Cinema Industry	Under Way Under Construction Under Way Under Way	Annual Protocol NOV '61	Guinean Exports: Iron Ore, Oleaginous Seeds, Alumina Guinean Imports: Food and Industrial Products, Machine Tools	
	SEPT '60	\$25.0	Paper Factory, Conakry Cigarette & Match Factory Public Address Systems Tea Plantation Brick and Tile Factory Ceramic Pipe Factory Hydroelectric Dam and Power Station, Kinkon National Assembly Building	No Work Has Begun on Any of These Projects	Annual Protocol JUNE '61 13 SEPT '60	Guinean Exports: Coffee, Industrial Diamonds, Copra, Peanuts, Palm Products, Rubber Guinean Imports: Rice, Textiles, Construction Materials, Agricultural Implements, Tea, Pharmaceuticals	JUNE '60
	NORTH VIETNAM				14 MAR '61 Long-Term Agreement '61-'63	Guinean Exports: Coffee, Peanuts Bauxite, Iron Ore, Rubber Guinean Imports: Coal, Rice, Tea, Fertilizers, Machine Tools	14 MAR '61
	NORTH KOREA				13 JUNE '61	(not available)	13 JUNE '61
MONGOLIA							SEPT '60

East Germany (\$5,000,000), and Hungary (\$2,400,000). Non-military grant aid is estimated at an additional \$4,000,000, and military aid at something over \$3,000,000.

Total drawdown on the credits was estimated late last year at \$42,000,000. Of the numerous specific projects undertaken by the bloc, most seem to be "impact" schemes which will contribute only marginally to the "modern economy" desired by the regime. Some projects--particularly the powerful radio transmitter

and large printing plant now operational--appear mainly designed to further the bloc's own broader African objectives. So far Moscow has apparently not made a firm offer to finance Guinea's priority development project--a large hydroelectric dam on the Konkoure River envisaged as the basis of an aluminum industry.

As of late 1961 there were at least 1,466 Sino-Soviet bloc technicians, advisers, and specialists in Guinea. The US Embassy believes there probably are considerably more than

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

this. Identified personnel included 695 from the USSR, 226 from Czechoslovakia, 144 from East Germany, 113 from Poland, 77 from Bulgaria, 35 from Hungary, and 26 from North Vietnam. There are believed to be at least 150 Chinese.

The bloc contingent included about 200 teachers distributed throughout the Guinean school system and approximately 120 economic and other experts serving as advisers in such government agencies as the ministries for planning, commerce, finance, and public works, the directorate of mining and geology, and the presidency. There were also almost 100 medical personnel, as well as smaller numbers of utility plant supervisors, port administrators, mechanics, airport technicians, and information experts. Their influence in key sectors of Guinea's national life is supplemented by the presence of a number of expatriate French Communists.

Included among the Soviet personnel in Guinea are an unknown number of military advisers. The US Embassy has identified several of the "economic technicians" as actually military officers training Guinea's forces, especially in the use of Soviet arms and equipment. Some 200 Guineans have either completed or are taking military training in the USSR.

At least seven shipments of Soviet arms, including heavy weapons, arrived in Conakry between September 1960 and November 1961. A substantial amount of this materiel was passed on to Mali.

In the social and cultural sphere, the bloc has operated through exchanges of delegations chosen to appeal to the regime's intellectuals and to the mass

organizations. Touré has made two formal visits to Moscow and one to Peiping since independence; Soviet President Brezhnev came to Guinea early last year, and a visit by Khrushchev is pending. As of last November, a minimum of 625 Guinean scholarship students and trainees were studying in the bloc.

Bloc influence is also channeled through the African Workers' University in Conakry, a trade union school operated by Touré's labor organization but staffed and financed by the WFTU. It is providing ideological indoctrination not only for Guineans but also for trade unionists from other French-speaking African countries.

Contact with the masses is maintained through Guinea's controlled information media, which rely almost exclusively on Communist materials for foreign political news and employ pro-Communist Guineans in key positions. A network of "people's bookstores" disseminates quantities of Communist literature to the literate portion of the public.

#### Signs of Disenchantment

While many reports which have appeared in the Western press about Guinean disappointment over Communist aid have been exaggerated, there is evidence that disenchantment has been developing since at least last spring. Guinea's rulers appear to have been slowly realizing that most of the bloc aid projects will not contribute significantly to the country's development. As implementation of the bloc program has progressed, there has been a corresponding rise in Guinean complaints about the quality and adequacy of bloc equipment and supplies for use in Guinea and about the numbers and technical ability of bloc experts. Bloc personnel operating certain nationalized

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

companies reportedly number about twice the former French staff.

Guinean dissatisfaction appears to have prompted the sudden termination last November of Soviet participation in the largest single project in the Three-Year Plan--a scheme to bring 17,000 acres of land into rice production. In October, two of five Czech air crews servicing Air Guinea's five IL-14s were expelled for "sabotage" after a plane in which the Czechs were to bring a Ghanaian delegation to Guinea's independence day celebrations was delayed by bad weather.

About the same time, [redacted]

[redacted] the Guineans asked the Western consortium which holds a concession to develop Guinea's rich Mt. Nimba iron-ore deposits for help in obtaining technical experts to replace Soviet bloc personnel. In late December, Touré's ambassador to the US acknowledged that Guinea's "difficulties" with the USSR extended into economic and technical fields.

Friction between Guineans and bloc personnel also appears to have increased. Guinean officials have complained frequently about real and imagined displays of highhanded and patronizing conduct on the part of their bloc advisers. In a recent conversation with the US ambassador in Conakry, the Algerian rebels' representative said former Soviet Ambassador Solod's expulsion was the culmination of weeks of growing friction between him and Touré. The Algerian representative

characterized Solod as having been cocky and arrogant--"he pushed too hard"--and said Touré was particularly displeased because it was Solod who had largely influenced Touré's decision, later regretted, to stay away from the Belegarde conference.

#### The Bloc and the "Plot"

Friction did not become acute, however, until Touré and his colleagues in the Political Bureau apparently became convinced that bloc countries, especially the USSR, were involved in the domestic political crisis which began in mid-November. This was precipitated by public criticism of the government's performance and demands for increased wages and fringe benefits made by extremist elements of the important teachers' union who were led by two PDG "militants" hostile to Touré for both personal and ideological reasons. The government ruthlessly disciplined first the teachers and then students who came to their support. At the same time, the Political Bureau launched a continuing propaganda campaign aimed at convincing the public that the dissidents were traitors plotting with foreign enemies to subvert Guinea's "revolution."

Such allusions to foreign involvement were confined to the customary Western targets until 11 December when, in a public speech, Touré began to link the alleged conspirators with French Communists and "certain Eastern embassies." Subsequently, Touré lashed out against the "Marxist-Leninist inspiration" of the "antinational" extremist elements.

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## SECRET

## CURRENT INTELLIGENCE WEEKLY SUMMARY

While the extent of both the plot and the bloc's involvement in it is not clear, the US Embassy in Conakry believes that it was largely a matter of bloc representatives' functioning--individually and in a routine way, rather than as part of any master plan directed by Solod--as Communist missionaries among dissident Marxist intellectuals.

Solod's enforced departure in mid-December coincided with the imposition of a number of new measures aimed at curtailing the activities and movements of bloc personnel. Communist representatives have acknowledged that bloc technicians, especially teachers, were given strict orders by the regime to steer clear of Guinean politics. Internally, Touré acted to bring the bloc-trained leaders of his labor organization under closer party control.

Outlook

Despite Mikoyan's recent trip to Guinea to smooth over relations, the Touré regime appears considerably less disposed toward close collaboration with the bloc and more inclined to move toward a truly neutral posture than it was only a few months ago. There are indications that the Guineans, in private talks with Mikoyan, strongly maintained their objections to the Soviet Embassy's activities and extracted promises of good behavior. In public appearances with Mikoyan, Touré coupled praise for Soviet-Guinean economic and cultural cooperation with insistence on respect for

Guinean sovereignty and a forceful restatement of Guinea's determination to "remain aloof from all blocs." Apparently the regime has decided to take its time about accrediting the new Soviet ambassador, D. D. Degtyar, an economic specialist who arrived with Mikoyan in January.

No sharp break with the Sino-Soviet countries is likely, however, because of Guinea's continuing heavy dependence on bloc aid for which there is no immediate alternative. Moreover, the country's precarious financial situation, resulting from the currency "reform" of 1960, would make rapid disentanglement extremely difficult in practice and probably impossible politically. Nevertheless, the activities of bloc personnel will, in the immediate future at least, be scrutinized much more closely than in the past, and some positive steps toward actual disengagement may be taken.

At the same time, the regime may move to improve its relations with the West and show more interest in obtaining increased economic aid from Western sources. In a conversation with the US ambassador in January, Foreign Minister Beavogui characterized US-Guinean relations as "excellent" and expressed confidence that Fria's problems would soon be settled "once and for all." West German President Luebke, who was received in mid-January with unusual cordiality, felt that Touré was genuinely committed to political neutralism and eager for closer economic ties with the West. (Prepared jointly with ORR)

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